

CIMB Group (CIMB MK)

4Q25: Resilient Showing Despite Forex Headwinds

Highlights

- 4Q25 earnings are in line (+6% yoy), supported by NOII growth and lower provisions.
- Moving into 2026, we forecast a similar payout assumption (65% inclusive of special dividends), which translates into a yield of 6.1%.
- Maintain BUY and target price of RM9.30 (1.28x 2026F P/B, 11.7% ROE). The stock offers the highest dividend yield among domestic large-cap banks at 6.3% for 2026.

4Q25 Results

Year to 31 Dec	4Q25 (RMm)	4Q24 (RMm)	yoy % chg	2025 (RMm)	yoy % chg
Net Interest Income	2,879.8	2,795.6	3.0	11,319.2	(0.4)
Islamic Banking	1,170.6	1,201.9	(2.6)	4,958.8	4.6
Fees & Commissions	569.2	549.0	3.7	2,380.2	1.3
Other Operating Income	813.6	782.3	4.0	3,865.3	0.5
Modification loss	(14.3)	(0.7)	n.m.	(56.0)	1,959.7
Total Income	5,418.9	5,328.1	1.7	22,467.4	0.7
Operating Expenses	(2,704.5)	(2,624.5)	3.0	(10,626.9)	2.0
PPOP	2,714.4	2,703.5	0.4	11,840.5	(0.3)
Allowance for impairment on loans	(252.5)	(399.1)	(36.7)	(1,382.3)	1.0
Impairment on securities	44.1	40.7	8.3	128.3	(195.0)
PBT	2,577.2	2,363.1	9.1	10,736.1	3.2
Net Profit	1,919.4	1,800.3	6.3	7,859.5	2.1
EPS (sen)	17.8	16.7	6.7	73.0	(7.1)
DPS (sen)	20.3	20.0	1.7	47.1	0.2
Financial Ratios (%)	4Q25 %	4Q24 %	yoy +/- ppt	3Q25 %	qoq +/- ppt
NIM	2.10	2.17	(0.07)	2.08	0.02
Loan Growth, yoy	0.2	2.6	(2.4)	2.6	(2.4)
Cost/Income Ratio	49.8	49.3	0.5	46.7	3.0
Reported ROE	10.9	10.6	0.3	11.8	(0.9)
NPL Ratio	1.7	2.1	(0.4)	1.9	(0.2)
Credit Costs (bp)	23.3	35.3	(13.0)	38.7	(16.4)
CET-1 CAR	14.3	14.6	(0.3)	14.8	(0.5)

Source: CIMB Group, UOB Kay Hian

Analysis

- **In line.** CIMB Group (CIMB) posted a 4Q25 net profit of RM1.9b (+6% yoy, -5% qoq), bringing 2025 earnings to RM7.85b (+2.1% yoy). On a constant-currency basis, 2025 earnings rose 5% yoy. 2025 results are in line, representing 100% of our full-year forecast. Earnings growth was modest at 2% yoy as NIM compression (-8bp yoy) and the stronger ringgit's translation impact were offset by NOII growth, write-back impairment on securities, and sustained cost discipline.

Key Financials

Year to 31 Dec (RMm)	2024	2025	2026F	2027F	2024
Net interest income	11,367	11,319	11,904	12,878	13,984
Non-interest income	6,197	6,245	6,533	6,855	7,155
Net profit (rep./act.)	7,728	7,860	8,319	8,980	9,697
Net profit (adj.)	7,728	7,860	8,319	8,980	9,697
EPS (sen)	71.8	73.0	77.3	83.4	90.6
PE (x)	11.2	11.0	10.4	9.6	8.9
P/B (x)	1.2	1.2	1.2	1.1	1.1
Dividend yield (%)	5.8	5.9	6.3	6.8	7.3
Net int margin (%)	2.29	2.24	2.25	2.25	2.26
Cost/income (%)	46.7	47.2	47.5	47.2	46.8
Loan loss cover (%)	105.3	103.2	140.5	223.3	567.7
Consensus net profit	-	-	8,280	8,825	-
UOBKH/Consensus (x)	-	-	1.00	1.02	-

Source: CIMB Group, Bloomberg, UOB Kay Hian

BUY (Maintained)

Share Price	RM8.04
Target Price	RM9.30
Upside	15.7%

Analyst(s)

Keith Wee Teck Keong
keithwee@uobkayhian.com
+603 2147 1981

Stock Data

GICS Sector	Financials
Bloomberg ticker	CIMB MK
Shares issued (m)	10,796.7
Market cap (RMm)	86,805.1
Market cap (US\$m)	22,264.6
3-mth avg daily t'over (US\$m)	32.5

Price Performance (%)

52-week high/low				RM8.95/RM6.16
1mth	3mth	6mth	1yr	YTD
(10.2)	8.4	8.7	(1.3)	(2.5)

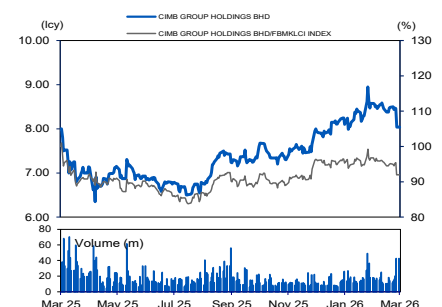
Major Shareholders

	%
Khazanah Nasional Bhd	21.4
EPF	18.5
Kumpulan Wang Persaraan Diperbadankan	6.4

Major Shareholders

	%
FY26F NAV/Share (RM)	6.78
FY26F CAR Tier -1 (%)	15.2

Price Chart



Source: Bloomberg

Company Description

CIMB Group is Malaysia's largest investment bank and second-largest consumer bank and one of Southeast Asia's leading universal banking groups.

- **4Q25 yoy on trend.** 4Q25 earnings grew 6% yoy, supported by a 4% increase in NOII driven by trading, forex, and fee income, as well as lower provisions. This was partly offset by a 7bp NIM compression and forex translation impact. Sequentially, earnings declined 7% qoq, largely due to a 28% qoq drop in NOII as trading and forex income normalised from an exceptionally strong 3Q25, alongside the absence of NPL sales during the quarter. This was partly cushioned by lower provisions.
- **NIM stabilising.** Group NIM recovered 2bp qoq to 2.10%, driven by funding cost optimisation and deposit repricing in Malaysia. By key markets, Malaysia and Singapore saw NIM expand by 4bp and 3bp qoq respectively, as deposits began to reprice downward, while Indonesia declined by 20bp following the slew of interest rate cuts.
- **NIM guidance:** Overall stable Group level NIM. Malaysia expected to remain stable or see slight expansion, Indonesia to expand as liquidity conditions improve, and Singapore may face mild pressure, though less pronounced than in 2025 as SORA still expected to decline by 50bp.
- **Improving asset quality trend.** GIL ratio continued improved to 1.7% (3Q25: 1.9%) as NPL formation improved. Loan loss charges declined to 23bp (3Q25: 40bp) due to write-backs of pre-emptive provisions, notably in Malaysia following a macroeconomic variable refresh and in Singapore management overlays. This brought 2025 net credit cost to 30bp, in line with management's 25-35bp guidance and our 30bp estimate. LLC remained stable and healthy at 103%, above pre-pandemic levels of 87% and the current industry average of 85%.
- **Dividend payout in line, equating to an attractive yield of 5.8%.** Management declared a final DPS of 22sen, bringing full-year DPS to 47 sen (inclusive of a 7 sen special DPS). This translates into a payout ratio of 65% (inclusive of special dividend, ex-special dividend: 55%) and yield of 5.8%. Moving into 2026, we forecast a similar payout assumption (65% inclusive of special dividends), which translates into a yield of 6.3%.
- **Scope for future DPR enhancement?** Based on the current growth trajectory of all its operating companies, management is comfortable with a sustainable recurring DPR of 55%. However, it noted there is room to further optimise dividend payouts across operating companies to the group level, potentially enhancing the overall group level DPR in the future.
- **2026 guidance.** Management's key 2026 guidance is as follows: a) ROE: 11.0-11.5%, b) asset growth: 5-7%, c) net credit cost: 25-35bp, and d) cost-to-income ratio: less than 47%.
- **Outlook.** Malaysia remains a key focus, currently delivering ROE above 12% (up from 11%). The group is placing greater emphasis on non-interest income - particularly wealth and transaction banking, including treasury client franchise - to help lift ROE further. Cost discipline is expected to persist. Management is also considering front-loading the committed special dividend programme (2026-27) to potentially help support progress toward its ROE target of 12% (2027).

Valuation/Recommendation

- **Maintain BUY and target price of RM9.30 (1.28x 2026F P/B, 11.7% ROE).** The stock offers the highest dividend yield among domestic large-cap banks at 6.3% for 2026 and 6.8% for 2027. Valuations also remain inexpensive on both P/B (1.15x vs 11.7% ROE) and PER metrics (10.4x 2026 and 9.6x 2027).

Earnings Revision/Risk

- No revision to earnings.
- **Risks.** Key downside risks include: a) a sharper-than-expected depreciation of the rupiah, which could weigh on revenue translation from CIMB Niaga; b) weaker-than-anticipated asset quality trends; and c) heightened deposit competition, which may exert further pressure on NIM.

Share Price Catalyst

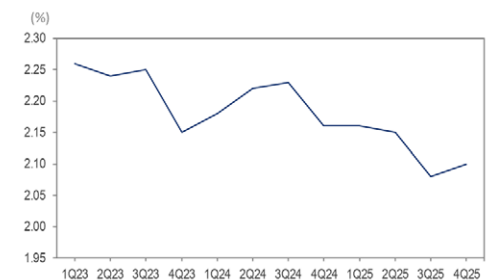
- Stronger-than-expected trading income.
- Higher-than-expected NIM.

Key Assumptions

(%)	2026F	2027F	2028F
Loan Growth	5.0	5.2	5.5
Credit Cost (bp)	25.0	25.0	25.0
ROE	11.3	11.7	12.1

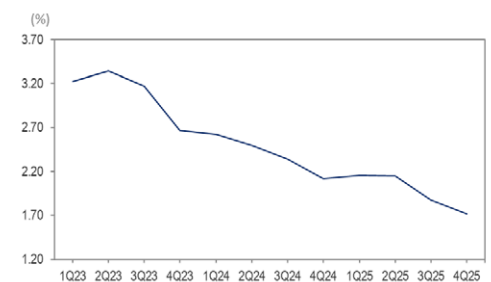
Source: CIMB Group

CIMB Group NIM Trend



Source: CIMB Group

CIMB Group GIL ratio trend



Source: CIMB Group

Environmental, Social, Governance (Esg) Updates

Environmental

- **Green loan commitment.** To provide RM30b in sustainable financing by 2040.
- **Zero new coal financing.** Transition all stakeholders to zero carbon emission by 2050.

Social

- **Board and upper management gender diversity.** Maintained 30% female directors on the Board.
- **Enhanced financial inclusion to B40.** Provide greater financial inclusion for vulnerable communities (affordable housing financing) and welfare assistance to vulnerable communities, especially the B40 consumers.

Governance

- **Non-independent board of directors composition.** Composition of Independent Non-Executive Directors (INED) – 60%.

Source: UOB Kay Hian

Profit & Loss

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Interest income	25,145	26,273	27,834	29,554
Interest expense	(13,826)	(14,369)	(14,956)	(15,570)
Net interest income	11,319	11,904	12,878	13,984
Fees & commissions	2,380	2,666	2,986	3,284
Other income	92	94	96	98
Non-interest income	3,773	3,773	3,773	3,773
Income from Islamic banking	4,959	5,256	5,572	5,906
Total income	22,523	23,693	25,305	27,046
Staff costs	(6,344)	(6,849)	(7,397)	(7,991)
Other operating expense	(4,283)	(4,416)	(4,544)	(4,666)
Pre-provision profit	11,896	12,428	13,364	14,389
Loan loss provision	(1,382)	(1,183)	(1,243)	(1,305)
Other provisions	128	(149)	(140)	(140)
Associated companies	94	74	75	75
Other non-operating income	(56)	0	0	0
Pre-tax profit	10,680	11,170	12,057	13,019
Tax	(2,652)	(2,681)	(2,894)	(3,125)
Minorities	(169)	(170)	(183)	(198)
Net profit	7,860	8,319	8,980	9,697
Net profit (adj.)	7,860	8,319	8,980	9,697

Balance Sheet

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Cash with central bank	8,217	16,567	17,395	18,265
Govt treasury bills & securities	16,557	16,888	17,226	17,570
Interbank loans	4,658	5,081	5,544	6,048
Customer loans	444,920	464,120	486,545	510,090
Investment securities	214,202	239,621	267,949	299,519
Derivative receivables	15,266	17,097	19,149	21,447
Associates & JVs	2,381	2,500	2,625	2,756
Fixed assets (incl. prop.)	2,567	2,454	2,339	2,221
Other assets	69,956	76,561	83,937	92,181
Total assets	778,724	840,890	902,708	970,098
Interbank deposits	49,908	53,232	56,789	60,596
Customer deposits	510,047	530,449	551,667	573,734
Derivative payables	58,457	60,953	63,555	66,271
Debt equivalents	29,410	29,410	29,410	29,410
Other liabilities	58,994	92,335	123,440	158,643
Total liabilities	706,817	766,379	824,862	888,653
Shareholders' funds	70,561	72,994	76,146	79,547
Minority interest - accumulated	1,347	1,516	1,700	1,898
Total equity & liabilities	778,724	840,890	902,708	970,098

Operating Ratios

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Capital Adequacy				
Tier-1 CAR	14.3	15.2	14.8	14.5
Total CAR	18.0	19.9	19.3	18.6
Total assets/equity (x)	11.0	11.5	11.9	12.2
Tangible assets/tangible common equity (x)	12.3	12.8	13.1	13.5
Asset Quality				
NPL ratio	1.7	1.4	0.9	0.4
Loan loss coverage	103.2	140.5	223.3	567.7
Loan loss reserve/gross loans	1.8	1.9	2.1	2.3
Increase in NPLs	(18.7)	(15.7)	(28.6)	(55.8)
Credit cost (bp)	31.1	25.0	25.0	25.0
Liquidity				
Loan/deposit ratio	87.2	87.5	88.2	88.9
Liquid assets/short-term liabilities	5.2	6.6	6.6	6.6
Liquid assets/total assets	3.8	4.6	4.4	4.3

Key Metrics

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Growth				
Net interest income, yoy chg	(0.4)	5.2	8.2	8.6
Fees & commissions, yoy chg	1.3	12.0	12.0	10.0
Pre-provision profit, yoy chg	0.1	4.5	7.5	7.7
Net profit, yoy chg	1.7	5.9	7.9	8.0
Net profit (adj.), yoy chg	1.7	5.9	7.9	8.0
Customer loans, yoy chg	0.6	4.3	4.8	4.8
Customer deposits, yoy chg	2.8	4.0	4.0	4.0
Profitability				
Net interest margin	2.24	2.25	2.25	2.26
Cost/income ratio	47.2	47.5	47.2	46.8
Adjusted ROA	1.0	1.0	1.0	1.0
Reported ROE	11.2	11.6	12.0	12.5
Adjusted ROE	11.2	11.6	12.0	12.5
Valuation				
P/BV (x)	1.2	1.2	1.1	1.1
P/NTA (x)	1.4	1.3	1.3	1.2
Adjusted P/E (x)	11.0	10.4	9.6	8.9
Dividend Yield	5.9	6.3	6.8	7.3
Payout ratio	64.5	65.4	65.4	65.0

IMPORTANT NOTICE - DISCLOSURES AND DISCLAIMERS

This report is provided subject to various disclosures and disclaimers (the "Disclosures / Disclaimers") which form an integral part of this report and are available at the following link:
<https://research-api.uobkayhian.com/assets/disclaimer/df64a6ea-7980-447c-ae9e-fd19b93257dc> or by scanning the QR code below:



The Disclosures / Disclaimers contain important information, including without limitation, (a) exclusions of liability, (b) confidentiality obligations, (c) restrictions on publication, circulation, reproduction, distribution and use of the report, (d) potential conflicts of interest, and (e) disclosures and requirements specific to recipients in the United States and other applicable jurisdictions.

Specifically, this report is intended for general circulation and informational purposes only and does not take into account the specific investment objectives, financial situation, or particular needs of any individual person. It is not intended to constitute personal investment advice or a recommendation to buy or sell any investment product or security. You should independently evaluate the information and, where necessary, seek advice from a qualified financial adviser regarding the suitability of any investment, taking into account your specific objectives, financial situation and needs, before making any investment decision. Analyst certifications required under applicable regulations, including SEC Regulation AC (where relevant), are included in this report.

Recipients of this report must carefully read, review and understand the full Disclosures / Disclaimers before using or relying on any information in this report. By accessing, receiving or using this report, you acknowledge and confirm that you have read, understood, accepted and agreed to be bound by the Disclosures / Disclaimers (as may be amended or updated from time to time) in full."